

Item 1. Cover Page

RDST CAPITAL LLC

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CRD Number 284645

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This brochure provides information about the qualifications and business practices of RDST Capital LLC (“RDST” or the “Firm”). If you have any questions about the contents of this brochure, please contact us at info@readestreet.com or (206) 332-1227. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about RDST Capital LLC also is available on the SEC’s website at www.adviserinfo.sec.gov.

This document is not an advertisement for the advisory services of RDST Capital LLC or an offer to sell or the solicitation of an offer to purchase interests in any fund we manage.

Item 2. Material Changes

RDST Capital LLC is required to advise clients and prospective clients of any material changes to this Form ADV Part 2A Brochure (“Brochure”) from our last annual update dated March 31, 2023. There are no material changes to report.

RDST is reporting the following:

Item 4: As of August 1, 2023, RDST updated the regulatory assets under management to \$326,550,475.

RDST routinely makes changes throughout its brochure in an effort to improve and clarify the description of its business practices and compliance policies and procedures or in response to evolving industry and Firm practices.

We encourage all recipients to read this brochure carefully in its entirety.

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Item 4. Advisory Business

Structure; History and Ownership

RDST Capital LLC (“**RDST**”, “**we**” or the “**Firm**”), is a Delaware limited liability company that was founded in July 2016. RDST is an investment advisory firm with its principal place of business in Seattle, Washington. RDST Capital LLC also conducts business under variations of the trade name “Reade Street Capital Management,” all of which are licensed with the State of Washington.

The Firm is owned by and was founded by Brian D. Pirie. Mr. Pirie is the sole beneficial owner of the Firm. Mr. Pirie is responsible for the overall investment strategy of the Firm. RDST Capital LLC is also the general partner (“**General Partner**”) of Reade Street Partners LP, a Delaware limited partnership (the “**Fund**”).

Types of Advisory Services – Pooled Investment Vehicles

The Firm is a hedge fund manager offering investment advisory services to a pooled investment vehicle. We provide investment advisory services to Reade Street Partners LP, a Delaware limited partnership (the “**Fund**”). RDST Capital LLC also serves as the general partner (“**General Partner**”) of the Fund.

The Fund is a private investment fund that is exempt from registration under the Investment Company Act of 1940, as amended. We may, in the future, serve as an investment adviser to additional investment vehicles that follow an investment strategy similar to or different from the investment strategy of the Fund. The Fund offers securities to investors only through private placements of such securities. Investment advice is provided by RDST directly to the Fund and not individually to the investors or limited partners thereof, subject to the direction and control of the General Partner. “**Investors**” refer to investors or limited partners in the Fund. The detailed terms applicable to Investors in the Fund are described in the Fund’s organizational documents and described in the Fund’s offering memorandum (“**Governing Documents**”). Interests in the Fund are only offered to certain “accredited investors” as defined in Rule 501 of Regulation D under the Securities Act of 1933 (“**Securities Act**”), as amended, and “qualified purchasers” as such term is defined in Section 2(a)(51) of the Investment Company Act of 1940 (“**Advisers Act**”), as amended.

The Firm’s investment objective is to generate attractive risk-adjusted returns by investing on a long basis in a select number of publicly traded equity securities. RDST expects that the Fund will typically hold 12 to 20 long positions in securities that represent high quality, high conviction ideas.

The investment strategy we employ on behalf of the Fund is described in greater detail below in Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss as well as the offering documents of the Fund.

Types of Advisory Services – Separately Managed Accounts

The Firm also provides ongoing discretionary investment management services to an advisory client through a separately managed account as requested and accepted, pursuant to the same investment strategy as the Fund (the “**Account**”). The Account consists only of separate account(s) held by a qualified custodians. The qualified custodians maintain physical custody of all funds and securities of the Account and you retain all rights of ownership (e.g., right to withdraw securities or cash, exercise or delegate proxy voting and receive transaction confirmations) of the Account.

We manage the Account on a discretionary basis in accordance with the client’s investment objectives, risk tolerance, and liquidity needs. We actively monitor your account(s) and provide advice regarding buying,

selling, reinvesting or holding securities, cash or other investments of the Account. You also have the ability to impose reasonable restrictions on the management of your accounts, including the ability to instruct us not to purchase certain securities.

The Fund and the Account are each a “**Client**” and collectively the “**Clients**”. RDST Capital LLC may in the future manage investments for other clients, and we may give them advice or take actions for them that are different from the advice we provide to you or actions taken for you. We are not obligated to buy, sell or recommend to you any security or other investment that we may buy, sell or recommend for any other clients or for our own accounts.

Conflicts may arise in the allocation of investment opportunities among accounts and the Fund we currently manage. We strive to allocate investment opportunities believed to be appropriate for Clients and other accounts advised by the Firm equitably and consistent with the best interest of all Clients involved. However, there can be no assurance that a particular investment opportunity that comes to our attention will be allocated in any particular manner. Please see Item 6 – Side by Side Management, Item 11 – Code of Ethics, and Item 12 – Brokerage Practices for additional information about allocating investment opportunities and conflicts related to allocation of investments.

RDST does not participate in wrap fee programs.

Assets Under Management

As of August 1, 2023, RDST managed approximately \$326,550,475 in discretionary assets. We do not have any non-discretionary assets under management.

Item 5. Fees and Compensation

Fees – Pooled Investment Vehicles

We are generally entitled to two types of fees from the Fund: (i) an asset-based management fee; and (ii) an incentive allocation based upon the performance of the Fund.

We offer a single class of limited partnership interests (“**Partnership Interests**”) in the Fund.

The management fee is 1.00% per year of the Fund’s net assets and is determined and payable quarterly in advance.

The incentive allocation is 20% of the net profits of the Fund that are in excess of a “hurdle amount” (as described below) for the relevant period attributable to an investor’s Partnership Interest in the Fund. The incentive allocation is determined and allocated on an annual basis but will be determined and allocated for shorter periods under certain circumstances (such as with respect to amounts withdrawn from the Fund). The incentive allocation is subject to a relative high water mark provision that generally requires that any underperformance suffered by the Fund (adjusted to reflect withdrawals) be offset by subsequent outperformance before we are entitled to subsequent incentive allocations from the Fund. The “hurdle amount” is equal to the net asset value of an investor’s Partnership Interest in the Fund multiplied by the performance of the S&P 500 Total Return Index.

The details of how the fees are calculated for the Fund can be found in the Governing Documents of the Fund, which are provided to prospective and current investors. RDST, in its sole discretion, may waive or modify the management fee or redemption terms.

The management fees payable by the Fund are deducted from the assets of the Fund and paid to RDST or, in the case of investment allocations, are reallocated from the capital accounts of investors and into our capital account.

As noted above, management fees payable by the Fund are payable quarterly in advance. Fund Investors will be subject to a *pro-rated* management fee with respect to any subscription to the Fund made other than at the beginning of a quarter based upon the portion of the quarter for which the assets were invested. If an investor makes a withdrawal request that would return any portion of his or her capital account on a date that is not quarter end, and such withdrawal request is granted by the Firm, the Investor will not be entitled to reimbursement of any portion of the management fee paid in advance from such Investor's capital account in respect of the calendar quarter during which such withdrawal occurs.

Investments in the Fund are subject to an aggregate 36-month lock-up period following the date of an investor's initial investment in the Fund (the "**Lock-up Period**"), after which the Investor may withdraw all or a portion of any investment on not less than 60 days' prior written notice, as of the last business day of any calendar quarter. Payment shall be made to an investor withdrawing over 95% of the balance of his or her capital account (as of the date of the withdrawal) in the following manner: (i) 95% of the amount of his or her capital account withdrawn, within 30 days of the effective date of the withdrawal; and (ii) the balance of the amount of his or her capital account withdrawn, within 30 days following delivery of the audited financial statements of the Fund for the fiscal year in which such withdrawal date occurs. At the option of the Firm, the amount of the withdrawal may be paid in whole in cash, in whole in kind, or in part cash and part in kind.

Notwithstanding the previous paragraph, investors have a right to terminate their subscription in our Fund without penalty within five business days after executing the subscription documents if RDST Capital LLC's ADV Part 2 was not delivered at least 48 hours prior to such execution.

Expenses – Pooled Investment Vehicles

The Fund pays, or reimburses us or the Fund's administrator for, all reasonable operating expenses and other costs of the Fund that we are not required to bear including, but not limited to:

- accounting, bookkeeping, tax and auditing fees and expenses (including the allocable share of the costs, fees and expenses relating to accounting and tax preparation);
- legal fees and expenses, including, but not limited to, fees and expenses incurred in connection with any offering of interests in the Fund, Fund contracts and investments;
- all fees and disbursements of the Fund's and the Firm's attorneys, consultants and other third parties performing work benefiting the Fund or otherwise in connection with the Fund's investment activities (including, without limitation, the legal and other fees, costs and expenses of such parties in or related to any proxy contest or other shareholder initiative or proceeding and in any threatened or actual litigation or governmental investigation or proceeding, and the amount of any judgments or settlements paid in connection with such proxy contest, shareholder initiative or litigation, or fines or penalties levied as a result of any such investigation or proceeding);
- insurance and bonding costs;
- all trading expenses and transaction costs, including, but not limited to, brokerage commissions, clearing and settlement charges, expenses relating to short sales, interest on loans and debit balances, margin interest, broker service fees and other clearing and custodial expenses;

- fees or assessments in connection with any regulatory registrations, qualifications and/or approvals of the Fund or the Firm, and related compliance fees and expenses, deemed appropriate by the Firm (including, without limitation, Form PF (*Reporting Form for Investment Advisers to Private Funds and Certain Commodity Pool Operators and Commodity Trading Advisors*));
- such research and portfolio management expenses as the Firm deems appropriate, which may include, but are not limited to, expenses incurred in connection with due diligence investigations or research as to investments or potential investments, including travel, lodging and other expenses incurred in connection with visits to companies, meetings, research symposiums and communications with company management, security holders, analysts and other third parties, costs of research reports, data feeds and databases, news wires and quotation services, periodical subscription fees and costs of software (including risk control) utilized by the Firm in connection with managing the Fund's portfolio;
- fees of the Fund's registered agent;
- fees of the Fund's administrator and/or sub-administrator;
- the cost of preparation and distribution of reports and statements to investors in the Fund;
- all filing and recording fees;
- all custodial fees, bank service fees, and fees or expenses associated with insuring the Fund's assets;
- the management fee;
- all applicable federal, state, local and foreign taxes payable by the Fund; and
- any extraordinary expenses, such as indemnification and litigation expenses.

We will bear or have borne the organizational expenses of the Fund.

As we consider appropriate, we could invest a portion of the Fund's assets in one or more money market funds, mutual funds or exchange-traded funds. When any such investments are made, the Fund will be paying, in addition to the compensation payable to us, the Fund's proportionate share of any management fees charged by the manager of such money market fund, mutual fund or exchange-traded fund.

A description of the brokerage and other transaction costs that will be borne by the Fund are described in more detail in Item 12 - Brokerage Practices in this brochure.

Fees – Separately Managed Accounts

Our maximum fee for separately managed accounts is 1.25%, which is negotiable at our discretion and will be reflected on the written agreement between us. Management fees are billed monthly in advance and are based on the aggregate fair market value of the assets held in the Account on the first day of the month. Fees will be prorated based on the number of days service is provided during the initial billing period for any account opened at any time other than the beginning of the billing period. If advisory services are commenced in the middle of the billing period, the fee will be prorated and billed based on the number of days left in the period.

Separately managed accounts are also subject to a performance-based fee for qualified clients (as defined in Rule 205-3 of the Investment Advisers Act of 1940).

Performance-Based Fees are described in Item 6 – Performance-Based Fees and Side-by-Side Management below.

Termination – Separately Managed Accounts

Separate account management services continue until terminated by either party by giving 45 days written notice to the other party. We will prorate the final fee payment based on the number of days advisory services are provided during the final period. The final fee will be based on the aggregate fair market value of the assets held in the Account when termination notice is received. Refunds upon termination will be paid within 30 days following termination. The advisory agreement may be terminated within 5 business days without penalty. In addition, if you do not receive a copy of our Form ADV Part 2 (the “**Brochure**”) at least 48 hours prior to entering into an investment advisory contract with us, you have the right to terminate our contract, without penalty, within five business days after entering into the advisory contract.

Other Fees and Expenses – Separately Managed Accounts

The fees you pay to us will not include the fees or expenses charged by your broker/dealer/custodian, or other third parties as disclosed in the investment advisory agreement. Typically, all fees for transactions are disclosed on the confirmation of transactions from your custodian. Additional fees you can expect to pay include, but are not limited to:

- Custodial Fees
- Exchange Fees
- Transaction fees
- Mutual fund and ETF Fees (as described in each fund’s prospectus)
- Odd-lot differentials, if any
- Transfer taxes
- Wire transfer fees
- Taxes
- Other related costs and expenses

Please refer to Item 12 – Brokerage Practices for additional information related to custodial fees and expenses.

Item 6. Performance-Based Fees and Side-by-Side Management

As described in Item 5 – Fees and Compensation above, we receive part of our compensation from the Partnership Interests of the Fund in the form of performance-based allocations. Please refer to our Fund documents for a full description of our performance fees.

Pursuant to a written agreement, separately managed account clients are subject to a performance-based allocation in addition to the negotiated management fee. Accounts under this arrangement will pay a performance fee, if earned, of 20% annually applied to the amount of the annual outperformance.

Accounts subject to a performance fee will be subject to a hurdle rate equivalent to the S&P 500 Total Shareholder Return Index (“**TSR**”) and performance fees will accrue if the account outperforms the TSR annually. At the end of each month, with the assistance of the Firm’s administrator, we will calculate the

beginning account value, the beginning TSR value, the month end value and the month end TSR value and accrue any performance fee.

Performance fees are payable on an annual basis and if calculations show that an incentive fee is due and payable, we will provide an invoice reflecting the calculation and the fee due.

For clients withdrawing assets from their separate account on any date other than the last day of the year, the Firm will calculate the performance-based allocation as of the date of the Client's withdrawal and calculate the client's fees due on such basis. The specific details of the performance-based allocation are described in the written agreement between us.

Item 7. Types of Clients

We provide investment advisory services generally to high-net-worth individuals and institutional investors either through separately managed accounts or via an investment in our private Fund. The types of investors in the Fund that we advise may include pension and profit-sharing plans; trusts, estates and charitable organizations; funds of hedge funds (whether organized as partnerships, corporations or other entity types), high net worth individuals and family offices.

Before an investor makes an investment in the Fund, the investor is required make a series of representations so that the Firm may determine the investor's suitability for investment in the Fund. As a general matter, investors in the Fund must qualify as: (i) "accredited investors," within the meaning of Securities and Exchange Commission ("SEC") Rule 501 of Regulation D promulgated under the Securities Act of 1933, as amended (the "**Securities Act**"); and (ii) "qualified clients," within the meaning of SEC Rule 205-3 promulgated under the Investment Advisers Act of 1940, as amended (the "**Advisers Act**"). Should the Firm accept an investment from an investor who is not a "qualified client" under the Advisers Act, the Firm will not receive performance-based allocations in respect of such investor.

The Fund has a minimum initial investment amount of \$500,000. Additional investments to the Fund must be in increments of \$100,000.

Our separate account minimum is \$75,000,000.

The foregoing minimums may be reduced or waived by the Firm in its discretion.

Item 8. Methods of Analysis, Investment Strategies and Risk of Loss **Methods of Analysis and Investment Strategies**

Investment Strategy

Our process seeks to identify high quality, highly understandable businesses that we want to own for five years or more. To be suitable for purchase, such a business will generally trade at a valuation that we believe implies at least low-to-mid teen returns over a five year time horizon.

Highly understandable businesses tend to provide comprehensive corporate disclosure, which the Firm believes will enable it to ascertain unit-level economics, much as a private equity investor would seek to do. Good corporate disclosure can facilitate a greater understanding of competitive advantages and their likelihood of long-term persistence. Other characteristics of highly understandable businesses include analyzable, understandable demand growth, and predictable deployment of cash flow from operations.

High quality, highly understandable businesses have competitive advantages which tend to manifest high margins (leading to greater profit stability) and high returns on capital (which affords the ability to return capital to shareholders even while growing). The Firm believes that these attributes are desirable, and when purchased at an appropriate valuation, businesses with these attributes can generate attractive long-term returns.

The Firm's valuation discipline is always informed by normalized discretionary free cash flow. The positions for which the Firm believes the valuation implies that the long-term total return potential is both high and relatively narrowly bounded will have the strongest representation in the portfolio.

The Firm believes that the Lock-up Period, despite the Fund's investment in primarily liquid assets, coincides with and reinforces the Firm's fiduciary duty to investors. The Fund's investment strategy values long-term performance over short-term considerations, and the Lock-up Period provides the Fund with committed capital that is more closely aligned with the time horizon over which the Firm expects its typical investment thesis to play out in respect of the Fund's underlying assets.

Risk Factors

Investing involves a substantial degree of risk for the investor and is suitable only for persons having substantial financial resources who understand the long-term nature, the consequences, and the risks associated with the investment strategy utilized by RDST. Some of those risks are summarized below. Prospective investors should carefully consider all the risks, which are described in detail in the governing documents distributed to all potential investors in advance of their decision whether to invest. Prospective investors are also advised to consult their own legal, tax, and financial advisers about these risks.

Investing with RDST is deemed to be a highly speculative investment and should not be intended as a complete investment program. The following risks should be carefully evaluated before making an investment. The list of risks below does not purport to be an exhaustive list of the risks.

Key Man Risk

As the managing member of RDST, Brian Pirie directs all activities and operations of RDST and is critical to RDST's management of client accounts. The Fund's General Partner has appointed an individual who, upon the managing member's death, will manage the General Partner as well as wind up the Fund. RDST does not have custody of the Account, therefore management will revert back to the holder(s) of such Account.

Investment Risks

Concentration. The Firm is of the belief that while diversification may reduce investment risk, it may also dilute investment return. Accordingly, there are no fixed limitations as to the amount of client assets which may be invested in a single industry. Our portfolios may, at times, be confined to the securities of relatively few issuers. On average, the Firm expects that the Fund will hold between 12 and 20 long positions. The Firm generally will not direct the Fund to acquire an investment if, after giving effect to such acquisition, the Fund's portfolio holds: (i) more than 25% of the Fund's net asset value in the securities of any single issuer; or (ii) more than 60% of the Fund's net asset value in the Fund's top five (5) positions. Although the Firm will endeavor to abide by these investment guidelines, the Firm may cross one or more of these thresholds at its discretion. In the view of the Firm, such concentration offers a greater potential for capital appreciation. Such concentration may also be expected to increase the volatility of the Fund's investment portfolio.

Holding Periods. Average holding periods for account positions are expected to be two to three years, however specific holding periods for each position are not known or targeted ex-ante. The Firm is comfortable holding investments for five years or longer, as the Firm's initial analysis is typically based on total return potential over a theoretical five-year holding period. Shorter holding times will occur in practice as valuations change and we seek to replace positions with more attractive opportunities as they are identified. The Firm may also consider making shorter-term investments if and when certain events provide good entry or exit points. Portfolio turnover will reflect the foregoing and can be expected to result in commensurate transaction costs which may or may not be significant.

Common Stock. It is anticipated that a major portion of client assets will be invested in publicly-traded common stocks of a limited number of U.S. companies. We will generally invest more than 75% of client assets on a long basis in publicly traded equity securities at all times (although such amount may vary in the Firm's discretion). Capital not invested immediately in publicly traded common stocks will typically be held in cash or cash equivalents until an opportunity to invest arises, in the Firm's discretion.

As a general principle, the Firm intends to select common stocks for investment on the basis of its investment methodology, and without any fixed requirements as to market capitalization, revenues, earnings or other specific fundamentals. Accordingly, the accounts could have positions in issuers of various market capitalizations, in positions of limited liquidity or varying degrees of speculative quality. It is possible that certain portfolio securities may not be widely traded and that client positions in such securities may be substantial in relation to the public market ("**float**") for such securities.

Other Securities and Instruments. Although we will invest primarily in common stock, we may also invest in and trade a variety of securities, instruments and other investments, whether traded on exchanges, over-the-counter or negotiated or electronic markets. As a result, client accounts, in the discretion of the Firm, may also include: preferred stock; fixed income securities; convertible and hybrid stocks and debt securities, including high-yield securities; warrants and options (including "**market-basket options**"); futures; other derivatives, including those relating to equity securities, equity indices, exchange-traded funds ("**ETFs**"), interest rate products; ETFs; corporate and government securities, money market instruments, foreign currencies and interests in currencies, such as options, spot, swap and forward contracts; and any other securities, instruments, derivatives and investments deemed appropriate by the Firm. We may invest in the securities of foreign issuers, including both those traded overseas as well as those traded in the United States (such as American Depositary Receipts ("**ADRs**")).

Non-U.S. Issuers. We may invest in the securities of foreign issuers, including both those traded overseas as well as those traded in the United States. Trading in securities of foreign issuers often involves additional risks (such as those associated with unfavorable changes in exchange rates).

Initial Public Offerings. While the Firm believes it is unlikely to comprise a significant part of a client portfolio, a portion may include stocks purchased in initial public offerings ("**IPOs**"), in situations when such companies satisfy the Firm's investment methodology. Equity securities issued in an IPO (so-called "**new issues**") are subject to certain investment restrictions imposed by the Financial Industry Regulatory Authority ("**FINRA**"). Investors which are "restricted persons," within the meaning of FINRA Rule 5130, will be limited to an aggregate 10% participation in profits and losses resulting from the Fund's investment in any new issues. In addition, under the "spinning prohibition" set forth in FINRA Rule 5131, the Fund will be restricted from purchasing new issues from a FINRA member broker-dealer if the aggregate beneficial interests in the Fund of covered persons related to a particular covered company exceed 25%, unless the Fund restricts the portion of its profits or losses from new issues that are allocated to the covered persons related to such covered company to no more than 25%.

Currencies. We may trade convertible currencies in spot markets or in the form of listed futures for hedging purposes to reduce client exposure to non-U.S. currencies. In addition, the Firm may, on occasion, hedge a currency or currency-related position utilizing non-deliverable forward contracts if and when a listed security option is unavailable.

Cash Positions and Cash Equivalents. As a defensive strategy or pending the identification of companies meeting the Firm's methodology, we may hold or invest in cash, U.S. government securities, commercial obligations, bankers' acceptances, certificates of deposit, money-market instruments and other cash equivalents. Such holdings may be significant at certain times. Accordingly, we may not be fully invested at all times.

U.S. Treasury Bills and other Government Securities. We may invest in government bonds issued by the United States Department of the Treasury through the Bureau of the Public Debt. They are the debt financing instruments of the U.S. Federal government, and they are often referred to simply as Treasuries or Treasury bills. U.S. Treasury Bills, or T-bills, mature in one year or less. They do not pay interest prior to maturity; instead they are sold at a discount to the par value to create a positive yield to maturity. Regular weekly T-bills are commonly issued with maturity dates of 28 days (or 4 weeks, about a month), 91 days (or 13 weeks, about 3 months), and 182 days (or 26 weeks, about 6 months). Government securities are bonds issued by a national government denominated in the country's own currency. Bonds issued by national governments in foreign currencies are normally referred to as sovereign bonds.

Other Investments. The Firm will be authorized to invest in all types of investments in furtherance of our investment strategy, including, but not limited to, those described above. Accordingly, such possible investments to be utilized will not necessarily be limited to those described herein.

Additional Investment Techniques

Futures Contracts. The Firm may employ futures contracts in order to hedge currencies and/or reduce the Fund's exposure to non-U.S. currencies. Futures contracts utilized by the Firm will be traded on recognized futures exchanges.

Options. The Firm does not expect to but may engage in various types of options transactions, including speculative and hedging positions in options on securities, commodities, indices, and other investments, including buying and selling both put and call options. As a general matter, the Firm may utilize options on specific securities, as well as combinations of options, such as straddles or spreads, and market index or "market basket" options or other instruments, to increase potential exposure of long positions or to achieve a more attractive cost basis on portfolio positions when option pricing is attractive. Accordingly, the Fund may have positions in a variety of options or similar instruments.

Short Selling. Short selling may be employed where we believe the security sold short is likely to decline in price, and may also be employed in hedging or risk management situations, where the position is intended to wholly or partially offset another position in a related security. Selling securities short involves selling securities that the portfolio does not own. In order to make delivery to its purchaser, the portfolio must borrow securities from a third-party lender. The portfolio subsequently returns the borrowed securities to the lender by delivering to the lender securities purchased in the open market. The portfolio must generally pledge cash with the lender equal to the sales proceeds of the borrowed securities as well as any additional cash or securities required as collateral under applicable margin regulations. In addition to lending the securities, in times when short term interest rates on Treasury Bills are above 0.5%, the lender generally pays the portfolio a fee (or rebate of interest) for the use of the portfolio's cash. The portfolio will generally realize a profit (or a loss) as a result of a short sale if the price of the security decreases (or increases) between the date of the short sale and the date on which the portfolio covers its short position,

i.e., purchases the security to replace the borrowed security, at a cost less than (or greater than) its cost of establishing and maintaining its short position.

Leverage. The Firm may utilize leverage on a selective basis, as we consider it appropriate, in connection with a portfolio's investment activities. Leverage involves the use of borrowed funds, primarily margin borrowings, to increase the amount of invested capital in the portfolio's long and short positions. There is no fixed limitation on a portfolio's use or extent of leverage, other than applicable regulatory requirements. The use of leverage can increase both the proportionate amount of potential gain, as well as of potential loss, relative to the portfolio's equity capital. If, however, the value of the position declines (or, in the case of a margined short position, the securities sold short increase in value), the securities (or cash) serving as collateral for such margin position may be liquidated, resulting in a loss proportionately greater than would be the case absent such use of leverage.

Other Investment Techniques. The Firm will be authorized to engage in a broad variety of investment techniques, in furtherance of our investment strategy including, but not limited to, those described above. Accordingly, such possible investment techniques to be utilized by the Firm will not necessarily be limited to those described herein.

Risk Management

We apply risk controls in the management of our portfolios. The Firm believes that the best form of risk management is to own high-quality investments with good long-term prospects purchased at attractive prices. For each investment, the Firm: (i) performs scenario analysis stress-testing with respect to Fund holdings for adverse conditions, and (ii) performs a fundamental review of possible capital structure risks. We may periodically maintain all or a portion of assets in cash or cash equivalents.

Notwithstanding the above risk management practices, our investment strategy inherently involves certain significant risks. See the section titled "Risks Associated with Our Investment Strategy" below. Moreover, there can be no assurance that the above practices will necessarily be applied in all cases, or if applied, will successfully limit risk to acceptable levels.

Risks Associated with our Investment Strategy

The investment strategy described above that we use for the accounts covers a wide range of investment types. Material risks involved in the strategy are described below.

General Investment Risk. Investments will consist of securities identified by the Firm's methodology. Since such strategy involves identifying securities which are generally undervalued (or in the case of short positions, overvalued) by the marketplace, success of such strategy necessarily depends upon the market eventually recognizing such value in the price of the security, which may not necessarily occur. Our portfolio positions may undergo significant short term declines and experience considerable price volatility. Since the Firm's methodology does not require any minimum market capitalization, we may take positions in smaller capitalization companies or other issuers which may involve an increased level of general investment risk. Equity positions may include speculative securities. Accordingly, investors must be prepared to assume the risks inherent in such speculative investments. Additionally, our strategy should not be regarded as a complete investment program and should be considered solely by investors prepared to experience possible short-term volatility and fluctuations in value in the interest of seeking superior long-term capital appreciation.

Equity Risks. We will invest in equity securities and may invest in equity derivative securities, including ETFs and index based products. The value of these securities generally will vary with the performance of the issuer and movements in the equity markets. As a result, you may suffer losses if we invest in equity

securities of issuers whose performance diverges from the Firm's expectations or if equity markets generally move in a single direction and we have not hedged against such a general move.

Concentration of Investments. Your investment portfolio may, at times, be confined to the securities of relatively few issuers. Any concentration necessarily increases the degree of exposure to a variety of issuer-related, industry or market risks. By concentrating investments in a small number of positions which may be large relative to account capital, a loss in any such position could materially reduce the account performance, to the extent not offset by other gains.

Short Selling. Short selling may be a material part of our investment strategy and may be utilized both in situations where we believe the securities in question are overvalued, and therefore likely to experience significant price declines over time, or as a hedge or offset to related long positions or to reduce a portfolio's exposure to industry or market risks. Short selling inherently involves certain additional risks. Selling securities short creates the risk of losing an amount greater than the initial investment in a relatively short period of time and the theoretically unlimited risk of an increase in the market price of the securities sold short. There is also the risk that the securities borrowed in connection with a short sale would need to be returned to the securities lender on short notice. If the request for return of securities occurs at a time when other short sellers of the security are receiving similar requests, a "short squeeze" can occur, and we might be compelled, at the most disadvantageous time, to replace borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier. In addition, short selling can involve significant borrowing and other costs which can reduce the profit or create losses in particular positions.

There are other inherent difficulties and challenges in short selling. Management and other stakeholders of issuers may take legal action against short-sellers to prevent or discourage the legal short sales of the issuer's securities to avoid depressing the value of its securities. We could be subject to such private legal actions. The cost of, and management time committed to, defending any such action(s) could be substantial.

Price Volatility. Stocks are inherently volatile. Such volatility may result in the value of portfolio assets fluctuating from time-to-time more greatly than that of other investment vehicles which may be more diversified. The Firm's investment strategy, including its hedging techniques, or other investment strategies or techniques, will likely not be effective in protecting portfolios from such price volatility.

Investments With Limited or No Liquidity. We may take significant positions in particular securities which are relatively large as compared to their trading volume or overall market capitalization. Such positions may at times prove more difficult to sell in a timely or efficient manner and could thus impair to some extent the Fund's ability to fully realize portfolio gains or limit losses. The Firm does not intend to limit investments to issues of any particular minimum capitalization and may, in fact, focus upon smaller capitalization stocks when such securities appear to afford greater appreciation potential. Such stocks often have less liquidity than large capitalization issues.

Options. We do not expect to but may utilize options in furtherance of our investment strategy primarily for hedging certain risks but also for speculative purposes. Options positions may include long positions, where the portfolio is the holder of put or call options, as well as short positions, where the portfolio is the seller ("**writer**") of an option. Although option techniques can increase investment return, they can also involve a relatively higher level of risk. The writing ("**selling**") of uncovered options involves a theoretically unlimited risk of a price increase or decline, as the case may be, in the underlying security. The expiration of unexercised long option positions effectively results in loss of the entire cost or premium paid for the option. Option premium costs, as well as the cost of covering options written by the portfolio, can reduce or eliminate position profits or create losses as well. Our ability to close out positions as a purchaser of an exchange-listed option is dependent upon the existence of a liquid secondary market on

option exchanges. On occasion we may also utilize options, particularly in foreign markets, which may have limited liquidity.

The seller of a call option which is covered assumes the risk of a decline in the market price of the underlying security or other instrument below the purchase price of the underlying instrument, less the amount of premium received by the seller, and forgoes the opportunity for gain on the underlying instrument above the exercise price of the option. The buyer of a call option assumes the risk of losing its entire investment (the premium paid) in the call option.

The seller of a put option which is covered assumes the risk of an increase in the market price of the underlying security or other instrument above the sales price of the underlying instrument, plus the premium received by the seller, and forgoes the opportunity for gain on the underlying instrument below the exercise price of the option. The buyer of a put option assumes the risk of losing its entire investment (the premium paid) in the put option. If the buyer of a put option holds a long position in the underlying security or other instrument, a loss on the put option itself may be offset, in whole or in part, by any gain on the underlying position.

Leverage; Interest Rates; Margin. We expect to utilize leverage in connection with short selling activities and otherwise. The use of borrowings by the can result in certain risks. For example, should the securities that are pledged to brokers to secure the Fund's borrowings decline in value, or should brokers from which the portfolio has borrowed increase their maintenance margin requirements (i.e., reduce the percentage of a position that can be financed), then the portfolio could be subject to a "**margin call**," pursuant to which the client must either deposit additional funds with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. The broker will typically have the right to liquidate the portfolio in certain circumstances. In the event of a precipitous drop in the value of the assets of a portfolio, we might not be able to liquidate assets quickly enough to pay off the margin debt and might suffer mandatory liquidation of positions in a declining market at relatively low prices.

Foreign Investments. A portion of our portfolio allocation may consist of foreign investments, which may include foreign or domestic equity securities denominated in foreign currencies and/or traded outside of the United States. Such investments require consideration of certain risks typically not associated with investing in U.S. securities or property. Such risks include, among other things, trade balances and imbalances and related economic policies, unfavorable currency exchange rate fluctuations, imposition of exchange control regulation by the United States or foreign governments, United States and foreign withholding taxes, limitations on the removal of funds or other assets, policies of governments with respect to possible nationalization of their industries, political difficulties, including expropriation of assets, confiscatory taxation and economic or political instability in foreign nations.

There may be less publicly available information about certain foreign companies than would be the case for comparable companies in the United States and certain foreign companies may not be subject to accounting, auditing and financial reporting standards and requirements comparable to or as uniform as those of United States companies. Securities markets outside the United States, while growing in volume, have for the most part substantially less volume than U.S. markets, and many securities traded on these foreign markets are less liquid and their prices more volatile than securities of comparable U.S. companies. In addition, settlement of trades in some non-U.S. markets is slower, less systematic and more subject to failure than in U.S. markets. There also may be less extensive regulation of the securities markets in countries other than the United States.

Transaction Execution and Costs; Brokerage Allocation. Although the Firm will seek to utilize brokerage firms which will afford superior execution capability for our clients, there is no assurance that all transactions will be executed with optimal quality. In addition to seeking broker-dealers with superior execution capability, the Firm may allocate transactions to brokers which agree to pay all or a part of certain

research-related expenses of the Firm and/or its affiliates, or so-called “soft dollar” arrangements. Although the Firm will, in general, seek such arrangements only where it believes the same will be consistent with principles of best execution, such soft dollar arrangements may result in increased commission costs or other inefficiencies in execution. There can be no assurance that the Firm will be successful in seeking to reduce the expenses of either the Fund or separate accounts through satisfactory soft dollar arrangements or that such arrangements will not result in increased transaction costs or otherwise impact clients.

Limitations on Shorting and Hedging Strategies. The Firm may employ certain hedging techniques particularly through its use of currency and futures hedging to reduce portfolio exposure to non-U.S. currencies. Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the values of portfolio positions, or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus moderating the decline in the overall portfolio value. Such hedge transactions, however, also limit the opportunity for gain if the value of the portfolio position should increase. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio position being hedged may vary. Insufficient correlation between hedged and hedging positions may not only result in failing to protect a portfolio against the risks sought to be hedged but may actually increase the magnitude of overall loss in the event of losses in the hedging positions.

For a variety of reasons, the Firm may not seek or be able to establish a sufficiently accurate correlation between such hedging instruments and the portfolio holdings being hedged. Moreover, the Firm may not necessarily endeavor to hedge the portfolio whatsoever. In the event hedging is utilized, it will be employed, in general, solely as a technique to limit certain market risks. As a general matter, portfolios will still be exposed to basic issuer risk and other risks attendant to the investment strategy and to particular positions, which risks will not be generally hedged.

Overall Investment Risk. All securities investments risk the loss of capital. The nature of the securities to be purchased and traded in client portfolios and the investment techniques and strategies to be employed by the Firm may increase this risk. Many unforeseeable events, including, but not limited to, actions by various government agencies and domestic and international economic and political developments, may cause sharp market fluctuations which could adversely affect the Fund.

Alternative Investing Generally. As it relates to an investment in our Fund, it is designed for investors seeking potential long-term growth and who do not require regular current income and who can accept a high degree of risk in their investments. In view of, among other things, the Fund’s ability to invest in a wide range of securities and instruments and to use a broad variety of investment techniques, the Fund may be deemed speculative in nature and is not intended to be a comprehensive investment program. The Fund is intended for investment solely by sophisticated investors who are accustomed to and fully understand the risks of such investments.

There can be no assurance that the investments or investment techniques employed by the Firm will achieve our investment objective or that portfolios will ever be profitable. There can be no assurance that your portfolio will not incur losses, including loss of principal.

Other Risk Factors

Exposure to Material, Non-Public Information. From time to time, Firm employees receive material, non-public information with respect to an issuer of publicly traded securities resulting from professional and/or personal channels. In such circumstances, clients may be prohibited, by law, and policies and procedures for a period of time from (i) unwinding a position in such issuer, (ii) establishing an initial

position or taking any greater position in such issuer, and (iii) pursuing other investment opportunities related to such issuer.

Economic Conditions. Changes in economic conditions, including, for example, industry conditions, competition, technological developments, trade relationships, supply-chain disruptions, economic sanctions, political and diplomatic events and trends, tax laws and innumerable other factors, can affect substantially and adversely the investment performance of a client's account. Economic, political and financial conditions, or industry or economic trends and developments, may, from time to time, and for varying periods of time, cause volatility, illiquidity or other potentially adverse effects in the financial markets. Economic or political turmoil, a deterioration of diplomatic relations or a natural or man-made disaster in a region or country where the Firm's client assets are invested may result in adverse consequences to such clients' portfolios. None of these conditions is or will be within the control of the Firm, and no assurances can be given that the Firm will anticipate these developments. In addition, due to the recent bank failures, there is a risk of loss of deposits in excess of \$250,000, risks surrounding liquidity concentration, systemic risk regarding the failure of other banks, and increased compliance costs associated with diversifying deposits among multiple banks.

Custody Risk. The Firm is required to maintain certain client assets with a qualified custodian. Clients may incur a loss on securities and cash held in custody in the event of a custodian's or sub-custodian's insolvency, negligence, fraud, poor administration or inadequate recordkeeping. Generally, deposits maintained at a bank do not become part of a failed bank's estate however, the Firm's operations could be impacted by the bank's insolvency in that there may be a delay in access to liquidity, trade settlement, delivery of securities, etc. Establishing multiple custodial relationships could mitigate custodial risk in the event of a bank failure.

Operational Risk. Operational risk is the potential for loss caused by a deficiency in information, communication, transaction processing and settlement and accounting systems. RDST maintains controls that include systems and procedures to record and reconcile transactions and positions and obtains necessary documentation for trading activities.

Cybersecurity Risk. As part of their business, the Firm stores and transmits large amounts of electronic information, including information relating to the transactions of client portfolios and personally identifiable information of clients. Similarly, service providers of the Firm may process, store, and transmit such information. With the increased use of technologies such as the Internet and the dependence on computer systems to perform necessary business functions, investment vehicles and their services providers may be prone to operational and information security risks resulting from cyber-attacks. In general, cyber-attacks result from deliberate attacks, but unintentional events may have effects similar to those caused by cyber-attacks. Cyber-attacks include, among other behaviors, stealing or corrupting data maintained online or digitally, denial-of-service attacks on websites, the unauthorized release of confidential information and causing operational disruption.

The Firm has procedures and systems in place that we believe are reasonably designed to protect such information and prevent data loss and security breaches. However, such procedures cannot provide absolute security. The techniques used to obtain unauthorized access to data, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for long periods of time. Hardware or software acquired from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. Network connected services provided by third parties to the Firm may be susceptible to compromise, leading to a breach of the Firm's network. The Firm's systems or facilities may be susceptible to employee error or malfeasance, government surveillance or other security threats. On-line services provided by the Firm or any of our service providers may also be susceptible to

compromise. Breach of the Firm's information systems may cause information relating to the transactions and personally identifiable information of our clients to be lost or improperly accessed, used, or disclosed.

The service providers of the Firm are subject to the same electronic information security threats as are the Firm. If a service provider fails to adopt or adhere to adequate data security policies, or in the event of a breach of its networks, information relating to the transactions of the Fund and personally identifiable information of the investors in the Fund may be lost or improperly accessed, used, or disclosed.

Cyber-attacks may interfere with the processing of investor transactions, impact the custodian's ability to value client assets, cause the release of personally identifiable information of clients or impede trading. Further, the loss of, improper access to, or improper disclosure of, the Firm's proprietary information may cause the Firm to suffer, among other things, financial loss, the disruption of our businesses, liability to third parties, regulatory intervention, fines, penalties, financial losses, reimbursement or other compensation costs, additional compliance costs or reputational damage. The Firm could also incur substantial costs for cybersecurity risk management in order to prevent any cyber-attacks in the future. Any of the foregoing events could have a material adverse effect on client portfolios.

Pandemic Outbreak. An epidemic outbreak and reactions to such an outbreak could cause uncertainty in markets and businesses, including the Firm's business. Such an event may adversely affect the performance of the global economy, and may cause market volatility, market and business uncertainty and closures, supply chain and travel interruptions, the need for employees and vendors to work from remote locations, and extensive medical absences. The Firm has policies and procedures to address known situations, but because a large epidemic may create significant market and business uncertainties and disruptions, not all events that could affect the Firm's business and/or the markets can be determined and addressed in advance.

Regulatory/Legislative Developments Risk. Regulators and/or legislators may promulgate rules or pass legislation that places restrictions on, adds procedural hurdles to, affects the liquidity of, and/or alters the risks associated with certain investment transactions or the securities underlying such investment transactions. Such rules/legislation could adversely affect the value associated with such investment transactions or underlying securities.

Future legal, tax and regulatory changes could occur that may adversely affect business and require additional reporting for registered investment advisors. The SEC, other regulators and self-regulatory organizations and exchanges have taken various extraordinary actions in connection with market events and may take additional actions. Registered investment advisors may also be adversely affected by changes in the enforcement or interpretation of existing laws, rules, and regulations, including tax laws, by federal, state and non-U.S. agencies, courts, authorities or regulators.

THIS LIST OF RISK FACTORS DOES NOT PURPORT TO BE A COMPLETE ENUMERATION OR EXPLANATION OF THE RISKS INVOLVED IN CONNECTION WITH THE ADVISER'S INVESTMENT OR THE MANAGEMENT OF CLIENTS. IN ADDITION, PROSPECTIVE CLIENTS SHOULD BE AWARE THAT, AS THE MARKET DEVELOPS AND CHANGES OVER TIME, INVESTMENTS OF BEHALF OF CLIENTS MAY BE SUBJECT TO ADDITIONAL AND DIFFERENT RISKS.

Item 9. Disciplinary Information

The Firm does not have any legal, financial, or other "disciplinary" item to report to you. The Firm is obligated to disclose any disciplinary event that would be material to its clients when evaluating a client/adviser relationship.

Item 10. Other Financial Industry Activities and Affiliations

Material Financial Industry Affiliations of the Firm

RDST Capital LLC is the General Partner of Reade Street Partners LP. Mr. Pirie is the sole managing member of RDST Capital LLC. RDST Capital LLC has no other affiliations.

Conflicts of Interest

Other Investment Vehicles or Clients.

The existence of multiple investment vehicles, Accounts and/or Clients creates conflicts as to time and resource commitments on the part of the Firm's personnel. While Mr. Pirie will devote such time to the business of the Firm as he deems necessary, he may have other ongoing investment and business responsibilities which could have the effect of reducing the time he devotes to the investment activities of the Firm. Notwithstanding the foregoing, the Firm shall endeavor at all times to act in the best interest of clients.

Allocation Issues. The Firm allocates investment opportunities among the Fund and Account by applying such considerations as it deems appropriate, including relative size of each client, amount of available capital, size of existing positions in the same or similar securities, liquidity, investment objective and strategy considerations, including, without limitation, concentration parameters and tax considerations and other factors. As a result of such considerations, allocations among the Fund and Account will not necessarily be *pro rata* in all instances. The Fund will not be entitled to investment priority and may not necessarily participate in every investment opportunity. In cases where a limited amount of a security or other instrument is available for purchase, the allocation of such security, as between the Fund and the Account could reduce the amount thereof available for purchase by the Fund or Account.

Although the Fund and Account are managed by the Firm, related persons could invest in the same securities, the net performance of the Fund may vary materially from other such vehicles as a result of the allocation policies described above, as well as differing expenses and tax considerations.

Balancing Transactions. The Fund, Account and other future investment vehicles of the Firm that employ similar or substantially similar investment strategies to those of the Fund generally invest and trade on a *pari passu* basis; however, certain differences in the specific investment strategies employed (including, applicable investment parameters, eligibility criteria with respect to various clients or investors, applicable expenses, available capital, the relative use of leverage and other factors) (collectively, "**Client Differences**") may result in non-*pari passu* treatment of specific clients with respect to some or all of their investment and trading activities.

The Firm, from time to time in its discretion, will adjust (or "**rebalance**") the portfolio holdings of one or more of its clients so as to eliminate or minimize variations among the portfolio holdings of such clients that employ the same or similar investment strategies or otherwise to maintain, in the view of the Firm, a desirable portfolio composition for each of such clients, subject to the applicable Client Differences. With respect to any rebalancing transactions, different broker-dealers will generally be used to effect buy orders, on one hand, and sell orders, on the other hand, in the same security. Rebalancing transactions will be effected at the next publicly quoted price on the trading day on which securities are rebalanced among clients. Rebalancing transactions may, or may not, be subject to commissions.

Valuation Risk. The net asset value of the Fund will be calculated by the Fund's administrator based on prices obtained from the Firm and/or independent third-party sources including exchanges. The fair market

value of those assets of the Fund, if any, for which third-party prices are not available, or with respect to which the Firm believes third-party pricing does not accurately reflect fair value, will be valued based on other sources deemed reliable by the Firm. In order to value the securities held in the Fund, the Firm or its designee may rely on information provided by outside parties, and such persons may provide inaccurate, incomplete, outdated or otherwise unreliable information. The Firm may be unable to detect every error contained in the valuation information. To the extent the information received by the Fund is inaccurate or unreliable, the valuation of the Fund's securities may be inaccurate.

There is a risk that an investor in the Fund that effects a withdrawal from the Fund may be paid an amount less or more than it would otherwise be paid if the actual value of such assets is higher or lower than the value calculated by the Fund's administrator. In addition, there is a risk that additional contributions could dilute the underlying value of such assets for the other investors if the actual value of such assets is higher than the value calculated by the Fund's administrator. There is also a risk that greater management fees and incentive allocations may be paid by the Fund than would have been paid if the actual value of such assets or liabilities is lower or higher than the value determined for the purposes of calculating those fees.

The Firm will not be liable to the Fund if a price reasonably believed by it to be an accurate valuation of a particular asset of the Fund is found to be misvalued and/or mispriced; *provided, however*, that the foregoing exculpation will not apply if the Firm or its affiliate is responsible for the valuation of such Fund asset(s).

Separately managed account assets are valued by the custodian holding the assets. The Firm does not independently value assets held in separate accounts.

Conflicts Regarding Advisory Compensation. The incentive allocation payable to the Firm will be determined and paid annually, based upon the increase, if any, in the aggregate net asset value of a client's portfolio, including an investor's Partnership Interests during the year, after reduction for any unrecovered prior period losses. Since the incentive allocation will be determined on both realized and unrealized gains, the Firm may receive an incentive allocation reflecting unrealized gains at the end of a year that are not subsequently recognized by the Fund or separate account. In general, the fact that a portion of the advisory compensation is based on capital appreciation of the specific portfolio creates an incentive for the Firm, to make investments that are more speculative than would be the case in the absence of performance-based advisory compensation. The Firm has the right to agree to reductions in the incentive allocation and/or management fee chargeable to particular clients for such consideration it deems appropriate, without notice or offering any similar opportunity to other clients.

Possible Conflicts Regarding Brokerage Allocations. The Firm does not expect to allocate brokerage on the basis of a broker's agreement to pay all or part of certain research-related expenses of the Fund, the Firm and/or their affiliates, provided such expenses qualify for a "safe harbor" provision under Section 28(e) of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"). Accordingly, to the extent such allocations result in the payment by such brokers of expenses that would otherwise be borne by the Firm or its affiliates, they will realize an economic benefit from such allocations and may be deemed to have a financial conflict of interest with the Fund. The Firm will not endeavor to allocate, as between the Fund and other managed investment vehicles or accounts, particular items of expenses paid relative to the vehicle or account generating the particular commission revenues utilized for payment of such expenses, except in limited circumstances when deemed appropriate. Accordingly, brokerage allocations from the Fund or client accounts may also have the effect of indirectly benefiting other vehicles and accounts managed by the Firm or its affiliates.

Possible Agreements with Certain Investors. The Fund and the Firm may from time to time enter into agreements with one or more investors in the Fund whereby in consideration for agreeing to invest certain

amounts in the Fund or other consideration deemed material by the Firm, such investor may be granted favorable rights not afforded to other investors, generally.

The Fund and/or Firm may enter into such agreements without the consent of or notice to the other investors in the Fund.

In addition, the Firm may issue additional classes of Fund interests with offering terms that differ from the Fund interests offered pursuant to the Fund's offering documents (including, with respect to participation in certain investments of the Fund, withdrawal rights and compensation payable to the Firm) without the consent of, or notice to, the existing Fund investors.

In addition, the Firm may from time to time enter into similar agreements with one or more separately managed account investors. It should be noted that separately managed account investors will typically be provided with additional transparency with respect to the investment positions of the separately managed accounts and may be provided with real-time, direct access to the separately managed account's portfolio positions, on a negotiated, case-by-case basis.

Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

The Firm has adopted a Code of Ethics in order to fulfill its responsibilities as a fiduciary. Our Code of Ethics deals with a range of topics including, without limitation:

- standard of business conduct;
- outside business activities;
- employee investment policy;
- conflicts of interest; and
- gifts and entertainment.

Please contact us at the telephone number listed on the cover page of this brochure if you would like to receive a full copy of the Firm's Code of Ethics.

Interested Transactions

From time to time, we recommend a security to clients in which our Firm or one of our related persons, directly or indirectly, has an interest. For instance, Fund assets may be invested in securities of issuers in which one or more other Funds or separate accounts hold positions. Given the likely frequency of such occurrence, clients will not be provided with notification of such occurrences. This may represent a conflict of interest for us, and this conflict, and our procedures for addressing such conflict, are described in detail in Item 10 – Other Financial Industry Activities and Affiliations of this brochure.

We generally do not allow a supervised person of the Firm to invest in securities that a Fund is also investing in. The Chief Compliance Officer ("CCO") reviews all employee securities transactions on a periodic basis to monitor employee trading and ensure that no personal trading of any supervised person of the Firm will disadvantage any client account.

Item 12. Brokerage Practices

Selection of Brokers

We have full authority to select broker dealers to execute investment transactions. We have appointed a brokerage firm to act as “prime broker” for the Fund and/or for separately managed accounts. The prime broker has certain administrative responsibilities, including the issuance of account statements and information with respect to securities transactions effected through other broker-dealers. The prime broker is allocated a portion of our securities transactions, subject to principles of best execution. In our discretion we can change our selection of prime brokers we use.

We could allocate a portion of our brokerage business to additional brokers (other than the prime broker), on the basis of certain considerations, which include:

- the amount of commission;
- the quality of execution;
- the reputation, experience and financial stability of the broker/dealer involved and its quality of service, familiarity with the securities markets and investment techniques employed by the Fund;
- research and analytic services;
- clearing and settlement capabilities;
- block positioning or other special execution capabilities; and/or
- other services provided.

The commissions clients pay to brokers will not necessarily represent the lowest commission rates available, but will reflect our evaluation of the research and other brokerage related services supplied by such brokers and which benefit our clients. In each case, we will make a determination that the amount of any increased commission costs on account of such research or other services is reasonable relative to the value of services provided.

Subject to the considerations described above, the selection of a broker (including a prime broker) to execute transactions, provide financing and securities on loan, hold cash and provide other services could be influenced by, among other things, the provision by the broker-dealer of the following:

- capital introduction services,
- marketing assistance,
- consulting services with respect to technology,
- operational assistance,
- equipment and office space,
- commitment of capital,
- access to company management and
- access to deal flow.

In general, any and all brokerage allocations are subject to the principles of best execution and the other allocation policies described above, as well as any restrictions imposed by applicable law. To the extent that securities are purchased in non-U.S. markets, it is anticipated that the prime broker will transfer funds

to sub-custodians located in the countries in which the respective securities are purchased. Such sub-custodians may maintain custody of the securities until such time as they are sold, at which point uninvested proceeds will be transferred back to client accounts at the prime broker.

Trade Errors

Although there exists no standard definition of what constitutes trading errors, examples of trade errors include the following:

- Purchasing securities not legally permitted for the clients, or not within a client's investment guidelines; and
- Purchasing or selling the wrong quantity of securities, or unintended securities for the clients.

RDST has established trade processes and procedures designed to reduce the likelihood of errors and, in its sole discretion, will determine what constitutes a trade error.

RDST's general policy is to seek to identify and correct any trade errors promptly and in a way that mitigates any losses. Trade errors in the clients' account will be borne by the clients unless an error is the result of bad faith, gross negligence, or willful misconduct by RDST. Lost opportunities are not a reimbursable loss. RDST will not be responsible for any indirect, consequential, or punitive damages for purposes of this policy.

It is RDST's policy that all trade errors are identified and evaluated. The purpose of this trade error policy is to provide guidance on identifying, correcting, and documenting errors when committed by RDST in a manner that is fair and equitable to the clients.

Soft Dollars

Section 28(e) of the Exchange Act provides a "safe harbor" to investment managers who use commission dollars of their advisory accounts ("soft dollars") to obtain investment research and brokerage services that provide lawful and appropriate assistance to the managers in performing investment decision making responsibilities, provided that the amount of any increased commission costs on account of such research or other services is reasonable relative to the value of the services so provided. Any such arrangement will be confined to products or services that qualify as "research and brokerage services" within the meaning of Section 28(e) and that meet the other requirements of Section 28(e). The Fund's limited partnership agreement contains provisions expressly authorizing the use of brokerage allocations and commissions for purposes described above.

The research obtained through the Fund's brokerage allocations, whether or not directly useful to it, will be useful to the Firm or any of its affiliates, and/or in connection with services rendered to the Fund or to other investment vehicles or accounts managed by the Firm or any of its affiliates. Similarly, research obtained by the Firm or any of its affiliates for commissions paid to brokers in the course of managing other investment vehicles or accounts may be useful to the Fund. Since any particular research obtained by the Firm or any of its affiliates may be useful to the Fund and such other investment vehicles or accounts, the Firm will not, in considering the reasonableness of brokerage commissions paid by the Fund, attempt to allocate the relative costs or benefits of research as among the Fund and such other investment vehicles or accounts except in limited circumstances where appropriate.

Aggregating Orders

When the Firm deems the purchase and sale of securities to be in the best interest of the Fund and any other clients, it could aggregate the securities to be purchased or sold in order to obtain superior execution and/or lower brokerage expenses. In particular, execution prices for identical securities purchased or sold on behalf of multiple clients in any one business day may be averaged. In such event, the Firm will allocate the securities purchased or sold, as well as expenses incurred in the transaction, among the Fund and any other clients by applying such considerations as they deem appropriate, including relative account size of such investment vehicles and accounts, amount of available capital, size of existing positions in the same or similar securities, tax considerations and other factors. As a result of such considerations, allocations among the Fund and such other clients will not necessarily be *pro rata*. The Fund will not be entitled to investment priority over other managed investment vehicles or accounts and may not necessarily participate in every investment opportunity. The Firm will endeavor to make all investment allocations in a manner that it considers to be the most equitable to all managed entities and accounts.

Our client securities transactions could potentially generate a substantial amount of brokerage commissions and other compensation, all of which the Fund or Account, not the Firm, will be obligated to pay. The Firm will have complete discretion in deciding what brokers and dealers we will use and in negotiating the rates of compensation paid.

As of the date of this filing, we have not used soft dollars.

Brokerage for Referrals

The Firm could place transactions with a broker-dealer that (i) provides the Firm (or an affiliate) with the opportunity to participate in capital introduction events sponsored by the broker-dealer or (ii) refers investors to the Fund or other products advised by the Firm (or an affiliate), if otherwise consistent with seeking best execution; *provided, however*, that the Firm is not selecting the broker-dealer in recognition of the opportunity to participate in such capital introduction events or the referral of investors. The Firm has adopted Rule 206(4)-1 of the Investment Advisers Act of 1940, as amended, the new “**Marketing Rule**”. As such, any capital introduction activities will be deemed an endorsement under the marketing rule, and RDST will comply with the provisions of the Marketing Rule.

Directed Brokerage

Our Clients include funds of funds and/or clients of investment advisers and consultants, in each case that are affiliated with broker-dealers or, possibly, brokerage firms themselves; and, such funds of funds, investment advisers and consultants may recommend to the Firm that it directs investment transactions to such broker-dealers from time to time. The Firm will be subject to a conflict of interest in determining whether to select such brokers-dealers to execute transactions on behalf Firm clients.

Item 13. Review of Accounts

Pooled Investment Vehicles

Brian D. Pirie, portfolio manager, reviews the Fund’s portfolio on a continuous basis.

Each investor in the Fund will be sent the annual audited financial statements of the Fund and annual tax information as soon as practicable (and no later than 120 days) after the end of each fiscal year of the Fund, which has been determined to be the calendar year ending December 31.

The Firm will also send reports to each investor in the Fund, at least quarterly, as to the Fund’s performance.

Separately Managed Accounts

Brian D. Pirie, portfolio manager, reviews the Account portfolio on a continuous basis. In addition to monthly custodial statements, the Account will receive quarterly written reports providing a comprehensive overview of the Account(s) including but not limited to market valuation and performance.

Item 14. Client Referrals and Other Compensation

We have entered into a written agreement with Coronado Investments LLC (“**Coronado**”), a California domiciled broker-dealer, to act as placement agent for our Fund. Coronado will receive compensation for introducing investors to our Fund. Any marketing or placement fee paid to Coronado in connection with any investor referral activities, including ongoing payments, will be borne by RDST Capital LLC and not by the Fund or the referred investor.

RDST’s client referral activities will be conducted in accordance with the endorsement provisions of the Marketing Rule including the provision of applicable disclosures.

Any third-parties receiving compensation for such referrals will be properly registered with the appropriate securities regulator, or exempt from registration.

Item 15. Custody

Rule 206(4)-2 under the Advisers Act (the “**Custody Rule**”) imposes certain obligations on registered investment advisers that have custody or possession of any Funds or securities of a Fund.

We are deemed to have custody of Fund assets because we serve as managing member of the Fund.

RDST currently utilizes Goldman Sachs & Co., as the qualified custodian for the Fund’s assets. RDST may change the custodian(s) at any time. RDST has the authority to wire cash and/or pay expenses from the Fund and would be deemed to have custody of the Fund’s assets under the Advisers Act. The Fund is subject to an annual audit by an independent auditor subject to public company accounting oversight board (“**PCAOB**”) oversight, and the audited financial statements are distributed to each investor. The audited financial statements are prepared in accordance with generally accepted accounting principles, issued with an unqualified opinion, and distributed within 120 days of the Funds’ fiscal year end.

RDST only has trading authority on behalf of the Account and has no authority to wire cash and/or pay expenses, and does not have custody of the Account. The Account receives, at least quarterly, account statements from their custodian. We urge clients to carefully review those statements and compare the official custodial records to the account statements provided by the Firm, as described in Item 13 above. Our statements may vary from custodial statements based on accounting procedures, reporting dates or valuation methodologies of certain securities, and timing of settlements. Clients should contact the Firm immediately if they do not receive account statements from their custodians on at least a quarterly basis.

Item 16. Investment Discretion

We have full discretionary authority over all assets we manage for the Fund pursuant to an investment management or limited partnership agreement and consistent with the investment objectives and strategy described in the Fund’s offering documents.

For the Account, pursuant to the written agreement between us, we have the discretionary authority to determine, without obtaining specific client consent, the securities to be bought or sold and the amount of securities to be bought or sold. Clients may amend such authority by providing the Firm with revised instructions in writing.

Item 17. Voting Client Securities

We have the authority to vote on proxies for securities held in our Fund, which we exercise in accordance with our written proxy voting policies and procedures. Such proxies are voted in the client's best interests, in the judgment of RDST to the extent reasonably practicable.

Proxy voting authority for the Account will be reflected in the written agreement with us.

Investors may obtain a copy of our proxy voting policies and procedures, and information regarding how a proxy was voted, on request.

Item 18. Financial Information

We do not require or solicit prepayment of more than \$1,200 in fees, six months or more in advance, and therefore are not required to include a balance sheet for our most recent fiscal year. We do not have any financial conditions that are reasonably likely to impair our ability to meet contractual commitments to our clients.